

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter called the "Lease"), made this 13th day of September, 2013, by and between THE BOROUGH OF HANOVER (hereinafter called "Landlord"), and GUTHRIE GALS, LLC, d/b/a GALAS AT THE GUTHRIE (hereinafter called "Tenant").

WITNESSETH: That in consideration of the rents, covenants and agreements contained herein, Landlord hereby leases to Tenant and Tenant hereby rents from Landlord approximately 6,000 square feet, plus access to the roof terrace as needed, which Premises are outlined on Exhibit "A", attached hereto and made a part hereof, (hereinafter called the "Premises"), located within the Guthrie Memorial Library (hereinafter called the "Library"), located at 301 Carlisle Street, Hanover, PA 17331, for a term, upon the rentals, and subject to the terms and conditions hereinafter set forth as follows, namely;

SECTION 1. PREMISES RENOVATIONS

Landlord and Tenant agree that Tenant shall be making renovations and alterations to the Premises in order to use same for the hosting of special events. The plans for such renovations and alterations must be submitted to and specifically approved by Landlord. The contractors who perform such work shall be paid by the Landlord. Tenant shall reimburse Landlord for the cost of such renovations as set forth in Section 4(e) below. Tenant agrees not to have any work performed at the Premises except as set forth in such plans and specifications as may be approved by Landlord in writing from time to time.

All work to be performed by contractors hired by Tenant and/or Landlord shall be performed in accordance with all applicable laws, ordinances, rules and regulations of governmental agencies having or claiming jurisdiction and in accordance with the requirements of applicable fire rating organizations.

SECTION 2. TERM

(a) The term of this Lease shall commence on October 1, 2013, and shall be for a period of five (5) years. Each of the parties hereto agrees, upon the request of either made on or after the commencement of the term, to promptly execute, acknowledge and deliver a document setting forth the dates of commencement and the end of the term.

(b) Tenant's occupancy of the Premises to conduct business shall constitute acceptance of said Premises by it and an acknowledgement by it that said Premises are in satisfactory condition.

(c) During the fifteen (15) day period following the signing of this Lease Agreement, Tenant shall at its own risk be permitted to enter the Premises without payment of rent for the purpose of making renovations or alterations to the Premises as agreed to be Landlord.

SECTION 3. USE OF PREMISES

(a) The Premises shall be used and occupied for the following purposes and none other:

Receptions, celebrations, galas, dances, community activities and other special events (hereinafter "Special Events").

(b) Tenant agrees to provide Landlord (i.e. the Borough Manager or her designee) with advance notice of any Special Event at least two (2) weeks prior to the date thereof.

(c) Landlord shall be entitled to use the Premises for a limited number of Special Events which do not conflict with Tenant's Special Events and agrees to provide Tenant with advance notice as soon as practicable of any such activity or event for which Landlord will use any portion of the Premises, including the roof terrace.

Landlord hereby notifies Tenant of its intent to use the Premises on the fourth Saturday of February for the Library's miniature golf event.

(d) Tenant's use of the Premises shall at all times be in accordance with all applicable laws, regulations and ordinances and such policies as Landlord shall reasonably establish. Tenant's use shall be in a safe manner which will not create a risk of personal injury or property damage to its customers, agents, or employees, the other users of the Library, the Library's agents or employees, the owners of adjoining or nearby properties or the public using abutting streets, sidewalks or parking areas.

(e) Tenant's use of the Premises shall not negatively impact or conflict with the other uses of the Library property.

(f) Tenant shall not permit smoking within the Premises or common areas in or on the Library property.

SECTION 4. RENT

(a) Tenant agrees to pay to Landlord, as rental for the Premises, the following:

\$2,000.00 per month for the first year of the lease term.

For each year after the initial year, the amount of such rental payment shall be increased by one and a half (1.5%) percent. Said rental payments shall be paid in advance on the first day of each calendar month without notice and without any set-off or deduction whatsoever.

(b) The first "rental year" of this Lease shall commence on the first day of the term and shall end at the close of the twelfth full calendar month of the term; thereafter, each rental year shall consist of periods of twelve full calendar months commencing with each anniversary of the first full calendar month of the term.

(c) It is understood and agreed that nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between the parties hereto.

(d) Landlord shall be entitled to receive, and Tenant shall be obligated to pay as additional rent hereunder upon demand, interest at the rate of five percent (5%) per annum, upon any delinquent rent due from Tenant under this Lease computed from the first day of such delinquency.

(e) In addition to the above rent, Tenant shall pay to Landlord the proceeds from fund raising activities conducted by Tenant at the Premises. Tenant shall be required to conduct five (5) fund raising events each year on behalf of the Library, with the entire net proceeds of such fund raising events to be paid to Landlord. Tenant shall be obligated to pay to the Landlord a minimum of Forty Thousand (\$40,000.00) Dollars per year from such fund raising activities, which funds are intended to be applied by the Landlord for Library operating costs. Should said fund raising activities not generate Forty Thousand (\$40,000.00) Dollars in net proceeds, Tenant shall be obligated to pay the difference between the net proceeds actually generated by said activities and Forty Thousand (\$40,000.00) Dollars on or before the end of each twelve (12) month term. In the event said fund raising activities generate net proceeds in excess of Forty Thousand (\$40,000.00) Dollars, all of said proceeds shall be paid to Landlord, with said excess funds to be used to reimburse the Landlord for its initial expenditure of funds for renovations to the Premises incurred pursuant to Section 1 above. Tenant shall be obligated on or before the expiration of the lease term to reimburse Landlord for said renovation costs, either from said excess fund raising proceeds or otherwise. If, at the end of the first two (2) years of the lease term Tenant has not made payment to Landlord sufficient to reimburse Landlord for a pro-rata share of said renovation costs, Landlord may require Tenant to pay a fixed amount each of the last three (3) years of the lease term to insure repayment of same on or before the expiration of the lease term. All net proceeds generated from fundraising activities in excess of Forty Thousand (\$40,000.00) Dollars per year and the amount needed to repay Landlord the cost of renovations shall be applied by Landlord to Library operating costs. Tenant shall provide Landlord with notice of all fund raising activities at least two (2) weeks prior to the dates of same and shall pay to Landlord the net proceeds therefrom within thirty (30) days thereafter. Landlord may request an accounting of the

income and expenses from any such fund raising activities. All such fund raising activities shall be subject to approval by Landlord.

Landlord shall refer prospective special event activities to be conducted at the Library to Tenant, except for Borough fund raising activities, such as the miniature golf outing referred to in Section 3(c) above, which Landlord shall conduct itself. In addition, Landlord may rent other space at the Library to other tenants for educational activities and events as it deems appropriate.

SECTION 5. QUIET ENJOYMENT

(a) Landlord agrees that so long as Tenant complies with all the terms, covenants and provisions of this Lease, Tenant shall have the peaceful and quiet use of the Premises without hindrance on the part of Landlord.

SECTION 6. PARKING AND COMMON AREAS

(a) During the term of this Lease, owners, officers, employees, agents and customers of Tenant shall be entitled to the nonexclusive use, free of charge, but in common with others, of those common areas which are necessary for access to and use of the Premises, including the driveways, footways, loading areas, parking areas, entranceways, hallways, stairways and elevators of the Library, provided that such use shall be subject to such rules and regulations as Landlord may from time to time promulgate, Landlord shall have full and exclusive control, management and direction of said common use areas. Landlord shall further have the right to police the same and from time to time change the location, layout and arrangement thereof; to restrict the use and parking by Tenant, its owners, officers, agents, employees and customers; to designate employee parking areas, to construct parking areas and facilities; to close temporarily all or any portion of the common use areas or facilities; to discourage disallowed parking; and to do and perform such other acts as in the judgment of Landlord shall be advisable in order to improve or make more convenient the use of common areas thereof by Tenant, their officers, agents, employees and customers and others using the Library.

(b) Tenant agrees, if required by Landlord, to require its officers, employees and agents to park their automobiles only in the area(s) in the parking area which is/are designated by Landlord for employee parking.

(c) Landlord agrees that it will at its own cost provide maintenance for the aforesaid common use areas, including snow and ice removal from parking areas and sidewalks and basic cleaning of entranceways, hallways and walkways. Tenant agrees to assist in keeping clean and maintained the interior common areas which it uses, such as the stairway to the roof terrace.

SECTION 7. ASSIGNMENT AND SUBLETTING

(a) Tenant agrees that it will not assign this Lease in whole or in part, nor sublease all or any part of the Premises nor permit other persons to occupy the Premises or any part thereof, nor to grant any license or concession for all or any part of the Premises, without the written consent of Landlord in each instance first had and obtained. Any consent by Landlord to an assignment of this lease shall not constitute a waiver of the necessity of such consent as to any subsequent assignment or subletting. An assignment for the benefit of Tenant's creditors or otherwise by operation of law shall not be effective to transfer or assign Tenant's interest under this Lease unless Landlord shall have first consented thereto in writing.

(b) In the event Tenant assigns this Lease or subleases all or any portion of the Premises without the written consent of Landlord, Landlord shall have the right to terminate this Lease, which right shall be exercisable by written notice from Landlord to Tenant within thirty (30) days from the date Landlord first receives notice of Tenant's assignment or sublease.

SECTION 8. REPAIRS

(a) Landlord agrees to keep and maintain the exterior portions of the Library and interior common areas in repair, provided that Tenant shall give Landlord written notice of any conditions which it believes need such repairs, and provided that the damage thereto shall not have been caused by Tenant, its agents, employees, invitees or customers, in which event Tenant shall be responsible therefore and shall promptly repair the same.

(b) Tenant agrees to keep the interior of the Premises in good order and repair at its own expense and to surrender the Premises at the expiration of the term in as good condition as when received, ordinary wear and tear and damage by casualty or the elements excepted. Tenant will not install or overload the electrical wiring or plumbing and will not install any additional electrical wiring or plumbing unless it has first obtained Landlord's written consent thereto and, if such consent is given, Tenant will install the same at its own cost and expense in a workmanlike manner. Tenant will repair promptly at its own expense any damage to the Premises caused by Tenant, its guests and invitees or by bringing into the Premises any equipment, machinery or other personal property for Tenant's use, or by the installation or removal of such property, regardless of fault or by whom such damage shall be caused unless caused by Landlord, its agents, employees or contractor.

(c) In the event Tenant shall not proceed promptly and diligently to make arrangements for any repairs or perform any obligation imposed upon it by the preceding subparagraph hereof within forty-eight (48) hours after receiving written notice from Landlord to make such repairs or perform such obligation, then and in such event, Landlord may at its option, enter the Premises and do and perform the things specified in said notice, without liability on the part of Landlord for any loss or damage resulting from any such action by Landlord and Tenant

agrees to pay promptly upon demand any cost or expense incurred by Landlord in taking such action.

SECTION 9. UTILITIES

(a) Landlord agrees to pay the charges for utility services rendered or furnished to the Premises, including heat, sewer, water, gas and electricity. Tenant shall be responsible for the cost of telephone service and internet services to the Premises, as well as garbage collection services provided to Tenant's business. Tenant agrees to dispose of garbage from the Premises in the manner as directed by Landlord. Landlord shall not in any way use or interfere with Tenant's garbage collection service, telephone service and/or internet service, unless such use or interference is necessitated by an emergency for which there is no reasonable alternative (e.g. a severe weather emergency, fire or natural disaster).

(b) Landlord shall not be liable for any interruption or failure whatsoever in utility service.

SECTION 10. TENANT'S OPERATIONS

(a) Tenant agrees (1) that it will use, maintain and occupy the Premises, in a careful, safe and proper manner, and will keep the appurtenances, including adjoining common areas in a clean and safe condition, except to the extent maintained by Landlord; (2) to keep the interior portions of windows of the Premises clean; (3) that it will not, place or maintain any merchandise or other articles in any common areas of the Premises, on the sidewalks adjacent thereto or elsewhere on the exterior thereof, with the exception of decorations for special events which shall be placed within forty-eight (48) hours of the event and removed within twenty-four (24) hours after the event has occurred and which decorations are subject to prior approval (both as to content and location) by the Landlord; (4) that it will maintain the Premises at its own expense in a clean, orderly and sanitary condition, free of insects, rodents, vermin and other pests; (5) that it will not permit undue accumulations of garbage, trash, rubbish and other refuse, but will remove the same at its own expense, and will keep such refuse in proper containers within the interior of the Premises until called for to be removed; and (6) that it will conduct its business in the Premises in all respects in a dignified manner and in accordance with high standards of operation.

(b) Tenant agrees not to make any alterations, additions or improvements to the Premises without Landlord's prior written consent in each instance first had and obtained. Such consent shall not be required with respect to cosmetic alterations and alterations with a cost of less than Two Thousand Five Hundred (\$2,500.00) Dollars in any one calendar year, and Tenant agrees that any alterations, additions or improvements made by it shall remain upon the Premises in the absence of any agreement to the contrary; provided, however, that Landlord shall have the right, by notice given to Tenant at the time it approves such alterations, to require the removal of such alterations, additions or improvements and the restoration of the Premises to their original

condition, in which event Tenant agrees to comply with such requirement prior to the expiration or other termination of this Lease. Tenant further agrees that it will not cut or drill into or secure any fixtures, apparatus or equipment of any kind in or to any part of the Premises without first obtaining Landlord's written consent. All alterations made by Tenant shall immediately become the property of Landlord and shall not (except as provided above) be removed by Tenant at the conclusion of the Lease term. Landlord shall make good faith efforts not to damage or impair the use of such alterations made by Tenant during the lease term.

(c) Tenant agrees not to place or suffer to be placed, or maintain, any sign, decoration, placard, lettering, advertising matter or other thing of any kind, whether permanent or temporary, on the exterior of the Premises or on the glass or any window or door of this Premises, without first obtaining Landlord's written approval thereof. Tenant further agrees to maintain any sign, decoration, placard, lettering or advertising matter or other thing of any kind as may be approved by Landlord in good condition and repair at all times. Landlord may, in addition to any other remedies available under this Lease, remedy any breach of the covenants of Tenant in this subparagraph (c) by entering the Premises and removing any sign or other matter violating any of the foregoing covenants, without notice to Tenant and without any liability to Tenant whatsoever. Tenant shall, at Tenant's sole cost, upon notice to Landlord, install signage in connection with the Premises in the space(s) designated by Landlord in accordance with the policies adopted by Landlord from time to time. The parties anticipate that Tenant shall use a peel and stick sign to be placed on the doors from the common area into the Premises subject to the Landlord's review and approval thereof.

(d) Tenant agrees to execute and comply with all laws, rules, orders, directions and requirements of all governmental departments, bodies, bureaus, agencies and officers, and with all rules, directions and requirements of the local board of fire underwriters and the fire insurance rating organizations having jurisdiction over the area in which the Premises are situated, in any way pertaining to the Premises or the use and occupancy thereof. In the event Tenant shall fail or neglect to comply with any of the aforesaid laws, rules, orders, directions, or requirements, Landlord or its agents may enter the Premises and take all such action and do all such work in or to the Premises which may be necessary in order to cause compliance with such laws, and Tenant covenants and agrees to reimburse Landlord in taking such action and performing such work. Tenant further covenants and agrees not to do or suffer to be done, or keep or suffer to be kept anything in, upon or about the Premises which will contravene Landlord's policies insuring against loss or damages by fire or other hazards, including, but not limited to, public liability or which will prevent Landlord from procuring such policies in companies reasonably acceptable to Landlord; and if anything done, omitted or to be done or suffered to be done by Tenant, or kept, or suffered by Tenant to be kept, in, upon or about the Premises shall cause the rate of fire or other insurance on the Premises, or other property of Landlord to be increased beyond the then existing rate from time to time applicable to the Premises, Tenant will pay the amount of such increases promptly upon Landlord's demand. Notwithstanding the foregoing, Tenant shall have no

obligation under this paragraph to make any structural alterations or repairs to the Premises, or to comply with any requirements affecting the Library in general.

(e) Tenant covenants and agrees that if any mechanics' or materialmen's lien or other lien shall be filed against the Premises, or any other part of the Library, by reason of or arising out of any labor or material furnished or alleged to have been furnished, to or for the Premise or any occupant thereof, Tenant shall in any such events, cause the same to be cancelled and discharged of record by bond or otherwise as allowed by law, at the Tenant's expense within five (5) days after the filing thereof; and Tenant will pay any damages and satisfy and discharge any judgment entered thereon and save Landlord harmless from any claim or damage resulting therefrom. If at any time Tenant does not comply with the covenants made in this subparagraph, Landlord may, at its option, after giving Tenant three (3) days prior written notice of its intention to do so, cause such lien to be canceled and discharged of record by bond or otherwise as allowed by law, and Tenant shall pay all cost thereof, including reasonable attorney's fees, as additional rent, payable with the next ensuing installment of minimum rent.

Tenant shall comply with the rules and regulations related to the Premises issued by Landlord from time to time.

SECTION 11. PUBLIC LIABILITY

(a) Tenant agrees to indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property rising from or out of Tenant's occupancy or use of the Premises or any part thereof, or any other part of Landlord's property, or occasioned wholly or in part by any act or omission of Tenant's, its agents, contractors, employees or customers.

(b) Tenant will keep in force at its own expense during the term of this Lease, public liability insurance with respect to the Premises in companies reasonably acceptable to Landlord and in a policy or policies, the form of which is or are satisfactory to Landlord, covering both Landlord and Tenant, with minimum limitations of Five Hundred Thousand (\$500,000.00) Dollars on account of bodily injury to or death of one person and One Million (\$1,000,000.00) Dollars on account of bodily injury or to death of more than one person as the result of any one accident or disaster, and property damage insurance with minimum limitations of One Hundred Thousand (\$100,000.00) Dollars. Tenant will deposit the policy or policies of such insurance or certificate thereof with Landlord on or before the commencement of the term of the Lease. If, at any time, Tenant does not comply with the covenants made in this subparagraph, Landlord may, at its option, cause insurance as aforesaid to be issued, and in such event, Tenant agrees to pay the premiums for such insurance promptly upon Landlord's demand.

SECTION 12. INSPECTION OF PREMISES

Tenant agrees to permit Landlord, its agents, employees, contractors and prospective tenants to enter the Premises and all parts thereof at all reasonable times to inspect the Premises and to enforce and carry out any provision of this Lease. Landlord agrees to exercise reasonable judgment for scheduling access so as to cause the least amount of interference with the operation of Tenant's business. Landlord shall notify Tenant at least five (5) days prior to performing maintenance at the Library which may interfere with Tenant's business operations; provided, that in the event of an emergency, Landlord shall be obligated to provide only such notice as is practicable under the circumstances.

SECTION 13. FOR RENT SIGN

Tenant agrees that for the period of three (3) months prior to the expiration of the term of this Lease, Landlord shall have the right to display on the Premises the customary sign "For Rent" and that during such period Landlord may show the Premises and all parts thereof to prospective tenants with reasonable notice provided to Tenant

SECTION 14. FIRE AND OTHER CASUALTIES

If the Premises shall be damaged by fire, the elements, unavoidable accident or other casualty, but are not thereby rendered untenable in whole or in part, Landlord shall promptly at its own expense cause such damage to be repaired, and the rent shall not be abated; if by reason of such occurrence, the Premises shall be rendered untenable, in whole or in part, Landlord shall promptly at its own expense cause such damage to be repaired, and the rent meanwhile shall be abated in whole, or in part until repairs are completed and the Premises can again be occupied by Tenant. If within sixty (60) days after said occurrence, Landlord shall give Tenant written notice that it has elected not to reconstruct the destroyed Premises, then this Lease and tenancy hereby created shall cease as of the date of said occurrence, with the rent to be adjusted as of such date. In the event that the Premises are substantially damaged and are rendered untenable in whole or in part, and are not fully restored within one hundred twenty (120) days after the date of such casualty, Landlord or Tenant shall have the right to terminate this Lease.

SECTION 15. BANKRUPTCY OR INSOLVENCY

If any sale of Tenant's interest in the Premises or the personal property therein shall be made under execution, or similar legal process, or if Tenant shall be adjudicated as bankrupt or insolvent, and such adjudication is not vacated within ten (10) days, or if a corporate reorganization of Tenant or an arrangement with its creditors shall be approved by a court, or if Tenant shall make an assignment for the benefit of creditors, or in any other manner, Tenant's interest under this Lease shall pass to another by operation of law, then and in any of said events,

Landlord may, at its option, re-enter the Premises and declare this Lease and the tenancy created terminated.

SECTION 16. DEFAULTS AND REMEDIES

(a) If the rent agreed to be paid shall be in arrears in whole or part for ten (10) or more days, Landlord may distrain therefore. If Tenant shall violate any covenant, including the covenant to pay rent, made by it in this Lease and shall fail to comply with said covenant within twenty (20) days after being sent written notice of such violation by Landlord, Landlord may, at its option, re-enter the Premises and declare this Lease and the tenancy hereby created terminated; and Landlord shall be entitled to the benefit of all provisions of law respecting the speedy recovery of lands and tenements held over by tenants or proceedings in forcible entry and detainer. Tenant further agrees, that notwithstanding such re-entry, Tenant shall remain liable for any rent or damages which may be due or sustained prior thereto, and Tenant shall further be liable for all rent reserve under this Lease for the balance of the term. Tenant agrees that Landlord may, but shall not be obligated to, mitigate its damages hereunder by re-letting the Premises, or any portion thereof, upon such terms and conditions as Landlord in its sole discretion shall determine.

(b) In the event Tenant fails to pay Landlord any rental payment due hereunder within ten (10) days from the date on which any such payment was due, Landlord may at its option charge Tenant a late fee of five (5%) percent of the rental payment in question, which charge shall be collectible as additional rent and shall be payable by Tenant to Landlord within ten (10) days after written notice from Landlord to Tenant assessing the same.

(c) Should Tenant fail to pay Landlord a minimum of Forty Thousand (\$40,000.00) Dollars in any one year from fund raising activities conducted by Tenant on the Premises as required in Section 4 above, Landlord may terminate this Lease and take possession of the Premises upon providing Tenant with thirty (30) days written notice of its intent to do so. Tenant shall remain liable for any shortfall in such payment to Landlord even after the termination hereof and Landlord shall have all rights and remedies set forth herein and/or as provided by law to take possession of the Premises and recover the amounts due hereunder. The annual period used to measure compliance herewith shall begin at the beginning of the lease term and end 365 days thereafter. Should Tenant fail to pay Landlord Forty Thousand (\$40,000.00) Dollars in any one year from said fund raising activities and should Landlord terminate this Lease, Tenant shall be responsible only for the shortfall in the year the lease was terminated and shall not be liable to Landlord for such payment in any years following termination of the Lease.

(d) Should Landlord violate any covenant made by it in this Lease and fail to comply with said covenant within twenty (20) days after being sent written notice of such violation by Tenant, Tenant may, at its option, terminate this Lease and immediately turn over possession of the Premises to a representative of the Landlord and declare this Lease and the tenancy hereby

created terminated and seek any damages suffered by Tenant in any way related to the violation of this Lease by Landlord.

SECTION 17. REMEDIES CUMULATIVE

No mention in the Lease of any specific right or remedy shall preclude Landlord from exercising any other right or from having any other remedy or from maintaining any action to which it may otherwise be entitled either at law or in equity; and the failure of Landlord to insist in any one or more instances upon a strict performance of any covenant of Tenant under this Lease or to exercise any option or right herein contained shall not be construed as a waiver or relinquishment for the future or such covenant, right or option, but the same shall remain in full force and effect unless the contrary is expressly waived in writing by Landlord.

SECTION 18. INJURY FROM LEAKAGE, ETC.

Landlord shall not be liable for any injury or damage to persons or property resulting from falling plaster, steam, gas, electricity, water, rain or snow which may leak or issue from any part of the Premises or from pipes, appliances or plumbing, or from sewers or the street or subsurface, or from any other place, by dampness or other cause of whatsoever nature, unless due to the negligence or willful misconduct of Landlord, its agents, or employees. The parties acknowledge that there is an existing leak in the roof of the Library which is not the responsibility of the Tenant to repair. Landlord will make good faith efforts to repair this leak.

SECTION 19. SUCCESSORS AND ASSIGNS

Except as herein provide, this Lease and the covenants and conditions contained shall inure to the benefit of and be binding upon Landlord, its successors and assigns, and shall be binding upon Tenant, its successors and assigns, and shall inure to the benefit of Tenant and only such assignees of Tenant to whom an assignment by Tenant has been consented to in writing by Landlord.

SECTION 20. ENTIRE AGREEMENT

This Lease contains the entire agreement between the parties hereto; and any agreement hereafter or heretofore made shall not operate to change, modify, terminate or discharge this Lease in whole or in part unless such agreement is in writing and signed by each of the parties hereto. Landlord has made no representations, warranties, inducements, or promises with respect to the Premises, except as herein expressly set forth.

SECTION 21. SECURITY DEPOSIT

Upon signing this Lease Agreement, Tenant hereby agrees to pay to Landlord the sum of \$2,000.00, which Tenant has deposited with Landlord as collateral security for the performance of

Tenant's obligations under this Lease. Landlord shall have the right, but not the obligation, to apply said security deposit or any portion thereof to cure or remedy any default by Tenant hereunder, including default in payment of rent. Said sum, or a portion thereof, if not sooner applied, shall be returned to Tenant, without interest, upon termination of this Lease or upon termination of the last renewal option and Tenant exercises said option. Landlord shall be entitled to commingle said security deposit with its own funds.

SECTION 22. NOTICES

Any notice required or permitted to be made by either party under the term of this Lease shall be given in writing and shall be forwarded by certified mail, postage prepaid, return receipt requested and shall be addressed (a) if to Tenant, to the Leased Premises or to such other address as the Tenant shall designate by written notice and (b) if to Landlord at:

Borough of Hanover
44 Frederick Street
Hanover, PA 17331

or at such other address as Landlord may designate by written notice. Notices shall be deemed to have been given when said certified mail is deposited in any United States Post Office.

SECTION 23. NON-WAIVER

No agreement to accept a surrender of the Premises prior to the expiration of the Lease term shall be valid unless in writing and signed by an authorized representative of Landlord. The delivery of keys by or on behalf of Tenant for any part of the Premises to any employee, agent, or officer of Landlord shall not operate as a termination of this Lease or as a surrender of the Premises. The failure of Landlord or Tenant to seek redress for violation of, or to insist on the strict performance of, any covenant of this Lease or any of the rules and regulations in effect from time to time, whether by express waiver or otherwise, shall not prevent a subsequent action, which would have originally constituted a violation, from having all the force and effect of any original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. The acceptance of the Premises and continued payment of rent with knowledge of breach by the Landlord shall not be deemed a waiver of such breach on the part of the Tenant. The failure of Landlord to enforce any of the rules and regulations against Tenant shall not be deemed a waiver of any such rule or regulations. The failure of the Tenant to enforce any of the rules and regulations against the Landlord shall not be deemed a waiver of any such rule or regulations. No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the stipulated rent nor shall any endorsement or statement on any check or any letter accompanying any check or payment of rent be deemed a settlement of a legal dispute or any accord and satisfaction and Landlord may accept such check or payment without prejudice to Landlord's

rights provided in this Lease. Landlord's consent to, or approval of, any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent similar act by Tenant. Tenant's consent to, or approval of, any act by Landlord requiring Tenant's consent or approval shall not be deemed to waive or render unnecessary Tenant's consent to or approval of any subsequent similar act by Landlord.

SECTION 24. CAPTIONS

The captions of this Lease are for convenience only and are not a part of this Lease.

SECTION 25. WAIVER

Landlord and Tenant hereby expressly waive trial by jury in any action, proceeding or counterclaim, brought by either of them against the other, or any matter whatsoever arising out of, or in any way connected with, this Lease, their relationship as Landlord and Tenant, Tenant's use and occupancy of the demised Premises, and/or claim or injury or damage.

SECTION 26. HAZARDOUS WASTE

(a) Tenant represents and warrants that it will not use, store or place upon the Premises, nor permit the use, storage or placement upon the Premises, of any materials which, under federal, state or local law, statute, ordinance or regulations, or court of administrative order or decree, or private agreement (hereinafter called "Environmental Requirements"), require special handling in collection, storage, treatment or disposal, including but not limited to, any toxic, hazardous or contaminated substances (hereinafter collectively called "Hazardous Substances"). Tenant hereby indemnifies and saves Landlord harmless from all liabilities and claims arising from the use, storage or placement of any Hazardous Substances upon the Premise or elsewhere within the building or property of Landlord (if brought or placed thereon by Tenant, its agents, employees, contractors or invitees); and Tenant shall (i) within fifteen (15) days after written notice thereof, take or cause to be taken, at its sole expense, such actions as may be necessary to comply with all Environmental Requirements and (ii) within fifteen (15) days after written demand therefore, reimburse Landlord for any amounts expended by Landlord to comply with any Environmental Requirements with respect to the Premises or with respect to any other portions of Landlord's building or property as the result of the placement or storage of Hazardous Substances by Tenant, its agents, employees, contractors or invitees, or in connection with any judicial or administrative investigation or proceeding relating thereto, including, without limitation, reasonable attorneys' fees, fines or other penalty payments. The indemnification set forth herein shall forever survive the expiration or earlier termination of this Lease.

(b) If Tenant has violated the Environmental Requirements as finally determined by any governmental agency, body, or court, or if Landlord obtains and delivers to Tenant a report prepared by an engineer or other party engaged in the business of testing and determining the

existence of Hazardous Substances, which report demonstrates that there are Hazardous Substances used, stored or placed upon the Premises, then Landlord shall have the right and option, after fifteen (15) days' prior written notice to Tenant, to terminate this Lease by written notice thereof to Tenant, in which event Landlord shall retain all rights and remedies provided for herein. If Landlord shall obtain and deliver to Tenant a report as set forth in this Section 26(b), then Tenant shall have fifteen (15) days within which to cure the problems noted in said report, at the end of which fifteen (15) day period Landlord's option to terminate as set forth herein shall commence.

(c) Tenant hereby grants Landlord, and Landlord's agents and employees (including but not limited to, any engineers or other parties engaged in the testing of Hazardous Substances) the right to enter upon the Premises upon five (5) days' prior written notice, except in a bona fide emergency (for which no such notice is required), for the purpose of determining whether Tenant, its agent, employees, contractors or invitees, has violated any of the provisions of this Section.

(d) Landlord hereby represents and warrants that as of the date hereof, the Premises are free and clear of any and all Hazardous Materials and are in compliance with all Environmental Requirements.

SECTION 27. RENEWAL OPTIONS

If Tenant is not then in default under this lease or any of the provisions hereof, Tenant may request that the term of this Lease be extended for an additional term of five (5) years, by notifying the Landlord in writing of its desire to do so at least ninety (90) days prior to the expiration of the then current term. Any such renewal term shall be under the same terms and conditions as are herein set forth except as otherwise agreed to by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Lease under their respective seals the day and year about written.

WITNESS:

BOROUGH OF HANOVER

AS / [Signature] / MM

By [Signature]
President, Borough Council

WITNESS:

GUTHRIE GALS, LLC

[Signature]

By Megan R McDonald
President Guthrie Gals LLC